

CIAOER

RP 75-05

Feb 75

S/NFD

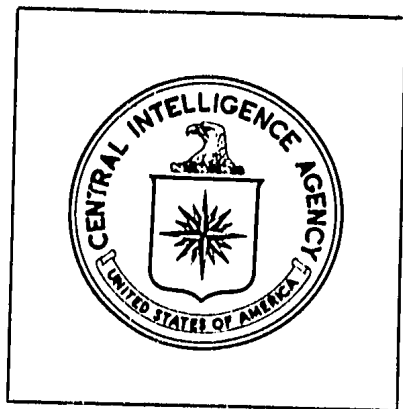
1 of 1

Comm. Aid and Trade Activities in Less Dev. Countries, Jan 75

ER RP 75-05

Secret

No Foreign Dissem



*Communist Aid and Trade Activities
in Less Developed Countries, January 1975*

Secret

ER RP 75-5
February 1975

NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Classified by 018319
Exempt from general declassification schedule
of E.O. 11652, exemption category:
§ 5B(1), (2), and (3)
Automatically declassified on:
Date Impossible to Determine

SECRET
CONTENTS AND SUMMARY OF EVENTS
(January 1975)

	<u>Page</u>
Africa	
Moscow Makes Initial Military Aid Shipments to the Central African Republic	1
The Central African Republic received its first Soviet arms deliveries in late December under a 1974 agreement.	
Communist Fisheries Aid Activities in Guinea	1
Peking began implementation of a 1974 fisheries aid agreement while Moscow attempted to renegotiate its fisheries aid program with Guinea.	
Somalia Receives Additional Soviet Aircraft Under 1974 Arms Accord	2
In late January, Mogadiscio received at least three additional MIG-21 jet fighters and several helicopters under a \$45 million military aid agreement signed in 1974.	
Tanzanian Delegation Discusses Military Aid in Moscow	2
Tanzania and Moscow are encountering problems in implementing a \$34 million 1974 arms agreement.	

East Asia

USSR and China Expand Economic Ties with Laos	2
Laos received new project aid commitments from Moscow which reinstate and expand unused Soviet aid and signed implementation accords with Peking for highway construction in the Nam Ou River Valley.	

Europe**Portugal Signs First Trade Agreements with East European Nations 3**

Lisbon concluded its first long-term trade agreements with East Germany and Hungary and may sign similar agreements with Czechoslovakia, Poland, and Romania.

Latin America**Mexican-Cuban Economic Relations Continue To Expand 3**

Mexico sees significant 1975 trade expansion and probable cooperation with Havana in agroindustry, communications, and transportation.

Near East and South Asia**Peking Begins Work on Textile Mill Expansion in Afghanistan 3**

The Chinese began work on their first major aid project in Afghanistan since Daoud came to power in 1973.

**Bangladesh-Czechoslovak Trade to Increase
Under New Agreements 4**

Early in January, Bangladesh and Czechoslovakia concluded their first long-term trade and payments agreement.

Greek-Bulgarian Discussions on Trade and Transit 4

In January, Greek Foreign Minister Bitsios visited Bulgaria for trade discussions and talks on expanding economic cooperation in transportation and electric power.

**India Receives its 10th Soviet Petya-Class
Destroyer Escort 4**

New Delhi took delivery of the final Petya-class vessel under a 1971 arms agreement.

Secret

Page

Kuwait's Finance Minister Visits Eastern Europe	4
--	----------

During mid-January, Kuwaiti Minister of Finance Atiqi visited Hungary and Romania for discussions on trade, possible Kuwait credits, joint ventures, and oil imports.

Libya Concludes Cooperation Agreements with Romania	5
--	----------

In January, Libya and Romania signed three agricultural cooperation agreements to include the setting up of joint firms.

Other Activities

Economic	5
---------------------------	----------

Military	9
---------------------------	----------

iii

Secret

COMMUNIST AID AND TRADE ACTIVITIES
IN LESS DEVELOPED COUNTRIES

January 1975

Africa

*Moscow Makes Initial Military Aid Shipments
to the Central African Republic*

The CAR, the newest recipient of Soviet military aid, received its first arms delivery in late December. At least four armored cars and some vehicles were offloaded in Brazzaville in Congo and barged to the port of Bangui. The shipment stems from an agreement reached during CAR Deputy Defense Minister's spring visit to Moscow. (Secret No Foreign Dissem)

Communist Fisheries Aid Activities in Guinea

Peking began implementing its fisheries assistance program in Guinea recently with the delivery of two fishing vessels weighing 220 Gross Registered Tons each. The ships are part of a 1974 agreement for six vessels, a refrigerated warehouse, and an ice plant. In addition, Peking has sent 30 Chinese to train Guinean seamen on the ships. This training will take two years, after which the vessels will be turned over to the Guinean government. (Secret No Foreign Dissem)

Meanwhile, Soviet fisheries aid to Guinea reportedly expired at the end of 1974 and was to be renegotiated in January 1975. In 1966 the Soviets had allocated US \$4 million for development of Guinea's fishing industry, but only four fishing trawlers are known to have been provided under the agreement. Moscow's commitment to provide Guinea with 5,000 metric tons of fish annually also is not being met, as recent reports indicate that in early 1974 Soviet vessels significantly reduced these deliveries. (Secret No Foreign Dissem)

Note: The substance of this publication has been coordinated with the Bureau of Intelligence and Research of the Department of State, with the Defense Intelligence Agency, and with the Agency for International Development. Comments and queries regarding this publication are welcome. They may be directed to [REDACTED] of the Office of Economic Research, Code 143, Extension 5291. 25X1A

Somalia Receives Additional Soviet Aircraft Under 1974 Arms Accord

25X1B Moscow has delivered MIG-21 jet fighters and probably some MI-8 helicopters to Somalia. At least [REDACTED] MIG-21 jet fighter fuselage crates carried aboard a Soviet ship were unloaded in Mogadiscio in late January. A second ship with 25X1B [REDACTED] MI-8 helicopters on deck has now arrived in port. Somalia has received at [REDACTED] MIG-21s since the first delivery of these aircraft last February. The aircraft probably were ordered in January 1974 under a \$45 million arms accord. Some helicopters, probably MI-8s, reportedly also were ordered at that time. (Secret No Foreign Dissem)

Tanzanian Delegation Discusses Military Aid in Moscow

A Tanzanian military delegation went to Moscow in early January. Discussions probably concerned the difficulties in implementing the \$34 million arms agreement concluded last March. The agreement covers delivery of a squadron of MIG-21 jet fighters and support equipment. A group of Tanzanian military trainees are presently enrolled in MIG-21 pilot and ground crew courses in the USSR. The delivery of the aircraft to Tanzania is expected to coincide with the return of trainees in about two years. (Secret No Foreign Dissem)

*East Asia**USSR and China Expand Economic Ties with Laos*

A Laotian delegation returned from Moscow in early January after reaching agreement with the USSR for new project aid. Moscow will build three bridges and a 150-bed hospital and provide aid in developing a new town. The credits, which probably will match the \$25 million of aid provided by China in 1974, reinstate and expand unused Soviet credits extended in 1962. (Secret No Foreign Dissem)

Meanwhile, Chinese discussions on Laos during January resulted in the signing of a protocol valued at \$18 million for building a 65-mile highway along the Nam Ou River Valley and a housing project, both in Luang Prabang Province. The road is a new addition to the 450 miles of highway Peking has built in Laos since 1968. (Secret No Foreign Dissem)

Secret

Europe

Portugal Signs First Trade Agreements with East European Nations

During January, Portugal concluded its first long-term trade agreements with East Germany and Hungary and is expected to sign similar agreements with Poland and Czechoslovakia in February. The agreements include provisions for most favored nation treatment and call for Portuguese exports of foodstuffs, wine, fish, and cork in exchange for East European manufactures and equipment, as well as agricultural products. Lisbon also is negotiating an agreement with Romania and has already contracted to purchase 400,000 tons of Romanian foodgrains in 1975. (Unclassified)

Latin America

Mexican-Cuban Economic Relations Continue To Expand

Recent developments indicate the growth in Mexican-Cuban economic relations. On 14 January the two countries concluded an agreement outlining proposals for cooperation in fishing, communications, transportation, chemicals, sugar, and livestock development. This follows on recent trade negotiations that probably will result in an expansion of Mexican sales to Cuba in 1975 to a minimum of \$32 million, more than three times the 1974 level. To facilitate these exchanges and to increase the flow of technicians and information between the two countries, Mexico has recently assigned its first Commercial Counselor to Cuba. (For Official Use Only)

Near East and South Asia

Peking Begins Work on Textile Mill Expansion in Afghanistan

Work began 19 December on expanding the Bagrami textile mill in Afghanistan, built with Chinese assistance in the 1960s. Peking is allocating an estimated \$5 million under a \$45 million credit extended in 1972. Thirty-three Chinese experts will assist in installing the 240 weaving and spinning looms to increase cloth production from the current 15 million meters annually to 20 million meters. This is the first major economic aid project Peking has undertaken in Afghanistan since Daoud came to power in July 1973. (Unclassified)

Secret

Secret

Bangladesh-Czechoslovak Trade to Increase Under New Agreements

Early in January, Bangladesh and Czechoslovakia concluded their first long-term trade and payments agreement – an accord that will cover five years. It is intended to expand the level of trade, which has run at about \$5.5 million annually during 1972-74, and to bring it more nearly into balance. The large surplus that Bangladesh has been running in its merchandise account with Prague probably will be reduced as Prague begins to make deliveries under its \$25 million 1972 aid agreement. In December, Czechoslovakia allocated \$6.5 million of this aid to help construct a 110-megawatt expansion of a powerplant at Khulna and to assist in the construction of several smaller projects, including a tannery. Prague constructed the original Khulna plant and is now providing assistance to another powerplant at Chittagong. (Unclassified)

Greek-Bulgarian Discussions on Trade and Transit

Greek Foreign Minister Bitsios visited Bulgaria during 8-10 January. No new agreements were signed during the visit, but progress was made in negotiating several new accords. A new trade agreement is to be signed in February, proposing a \$100 million trade turnover in 1975. In 1974, actual trade hit only \$33 million. The two sides also explored possibilities for closer economic cooperation, including road transit for Greek agricultural products through Bulgaria to Central Europe in exchange for increased movement of Bulgarian goods through the port of Thessaloniki. The Bulgarians also proposed establishing an aluminum smelter in Greece to supply aluminum to Sofia. The smelter would use Bulgarian electric power. (Confidential)

India Receives Its 10th Soviet Petya-Class Destroyer Escort

New Delhi has taken delivery of its 10th Soviet-built Petya-class destroyer escort. The ship, the last Petya that India is scheduled to receive under a 1971 agreement, will be assigned to the Western Naval Command at Bombay. Five of these ships have been assigned to that command. The other five are operating from the Eastern Naval Command headquartered at Visakhapatnam. (Confidential)

Kuwait's Finance Minister Visits Eastern Europe

During mid-January, Kuwaiti Minister of Finance Atiqi visited Hungary and Romania for discussions on trade, possible Kuwaiti credits, joint ventures, and oil imports. (Confidential)

Secret

Budapest has been seeking up to \$300 million in credits in addition to the \$40 million provided by the Kuwait International Investment Company (KIIC) in December 1974 to help develop Hungary's export industries. Kuwait apparently agreed during the Atiqi visit to increase imports of Hungarian manufactured goods and to expand Hungarian technical cooperation. The two sides also discussed the possibility of setting up joint ventures, particularly an animal feed project in Hungary. Oil has been the key to recent attempts by East European nations to improve their relations with Kuwait. Hungary's apparent failure last month in reaching agreement with Libya on 1975 oil deliveries probably precipitated discussions with Kuwait, from which it now hopes to buy oil. (Secret No Foreign Dissem)

Atiqi's talks in Romania included implementation of Kuwait's first official trade and economic cooperation agreements signed last year. (Confidential)

Libya Concludes Cooperation Agreements with Romania

On 23 January Libya and Romania signed three agricultural cooperation agreements. They call for establishment of joint companies, Romanian technical assistance, training, and unspecified cooperation in several agroindustrial enterprises. Contracts were signed for setting up joint cattle and poultry breeding firms, a nursery-seed company, and a land reclamation enterprise. (Unclassified)

OTHER ACTIVITIES

Economic

Africa

Gambia. A Gambian economic delegation, headed by Minister of External Affairs Njie, went to Peking the last week in January to discuss possible Chinese aid to Gambia. Proposals will be made for assistance in roadbuilding, water resource development, agricultural training, and rice production. Gambia and Peking established diplomatic relations on 14 December. (Unclassified)

Malagasy Republic. A Hungarian delegation held discussions on possible exploitation of bauxite deposits in southern Malagasy and the construction of an aluminum plant. Hungary, however, has not yet offered to extend aid for the projects. (Unclassified)

Niger. A Chinese working delegation was in Niger during Christmas week to discuss implementation of a recent Chinese credit. The Chinese are planning to concentrate on irrigation and agricultural projects. (Confidential)

Nigeria. A Chinese team completed a three-month survey of small-scale industries in Nigeria early in January. (Unclassified)

A nine-man Soviet agricultural delegation arrived in Lagos for a five-week tour of Nigerian agricultural projects to determine what assistance the USSR might provide for the Nigerian food research program. (Unclassified)

Latin America

Brazil. Under a protocol concluded at the Brazilian-Polish joint commission meeting held in January, Warsaw agreed to barter 14.8 million tons of coal for 11.9 million tons of Brazilian iron ore over the next 10 years. In nonbarter trade, Poland offered to supply educational, agricultural, and shipbuilding equipment as well as ships and railroad equipment. (Unclassified)

A Bulgarian trade delegation led by the Deputy Minister of Foreign Trade left for Brazil and Panama on 25 January 1975. The delegation will sign new trade and payments agreements with Brazil and will negotiate the first trade agreement with Panama. (Unclassified)

Colombia. Bogota recently signed an agreement to purchase 200 Soviet buses. Moscow will supply the buses, worth \$8.4 million, under a 10-year credit with a 2-year grace. (Unclassified)

Peru. A 19-member Soviet team has completed the initial feasibility studies for the Olmos irrigation project. A larger group is expected this spring to evaluate the study with the Peruvians. Equipment for the project also began to arrive in January. (Unclassified)

Surinam. A Hungarian trade mission is expected in Surinam shortly to discuss possible aid and cooperation proposals. (Unclassified)

Trinidad and Tobago. Prime Minister Williams arrived in Peking on 31 January for his second visit in two months. The stated purpose of the visit is to promote increased trade on an official basis. Trinidad also concluded a technical assistance agreement with China for petroleum exploitation. (Unclassified)

Uruguay. Moscow is negotiating a 50,000-ton beef purchase under the first such deal with Uruguay. Two Soviet veterinarians will examine Uruguay's meat packing procedures, and the final price still has to be agreed to. Bulgaria also is sending a meat purchasing delegation in February and has expressed interest in a joint fishing venture. (For Official Use Only)

Near East and South Asia

Afghanistan. On 16 January, Moscow and Kabul signed agreements calling for Soviet aid to several major new projects. Included are a large hydroelectric power and irrigation scheme on the Amu Darya River, exploration of the Logar Valley copper deposits near Kabul, and iron deposits at Hajigak. The projects are expected to come under a 1972 credit of \$97 million, still largely unused. Moscow also recently agreed to provide \$3.4 million worth of roadmaking machinery under the same credit. (For Official Use Only)

Bangladesh. A group of Bangladesh technicians arrived in the USSR during January to study power engineering. They eventually will work at the Ghorosal powerplant, currently under construction with \$19 million worth of Soviet assistance. The plant is scheduled for June 1975 completion. (Unclassified)

Pakistan. A Chinese delegation led by the Minister of Foreign Trade left for Pakistan and Sri Lanka on 24 January. The delegation is expected to negotiate a new barter trade protocol with Pakistan and to sign the annual rice-rubber barter agreement with Colombo. (Unclassified)

On 25 January the Polish Vice Minister for Commerce signed a maritime trade accord with Pakistan that sets the general guidelines for freight shipments and vessels used in the nations' bilateral trade. They also called for increased cooperation in fishing and aviation. (Unclassified)

Nepal. A three-member Soviet technical team arrived in Nepal during December to conduct feasibility studies for a resin and turpentine plant. If the studies are favorable, Moscow presumably will offer aid for constructing the plants, timing the announcement with Birendra's February coronation. A seven-member PRC delegation arrived on 28 January for aid discussions. (Confidential)

Sri Lanka. A Sri Lanka trade delegation concluded long-term trade agreements with Romania and Czechoslovakia in January. The agreements included a most favored nation clause and changed payments to a free currency system. (Unclassified)

Secret

On 16 January, Sri Lanka and the USSR signed their 1975 trade protocol calling for an increase of trade to \$26 million, compared with \$17.5 million in 1974. Sri Lanka will export rubber, coconut oil, tea, and textiles in exchange for fertilizer, newsprint, tinplate, rolled steel, cotton, and machinery. (Unclassified)

A PRC team of technicians returned home on 10 January after completing the Pugoda textile mill. The team had worked on the mill for three years under a 1957 grant of \$16 million. (Unclassified)

Europe

Malta. In mid-January, Malta's Prime Minister Mintoff visited the PRC and North Korea. Talks in Peking centered on speeding implementation of \$45 million in Chinese credits provided in 1972. Peking promised to send experts to assist in agriculture and fisheries development. During his stay in Pyongyang, Mintoff signed an economic and technical cooperation accord, details of which are unknown. Under the agreement, North Korea will provide experts and equipment for the fishing industry and a hand tools factory as well as spare parts for machine tools provided as aid in 1973. (Unclassified)

East Asia

Malaysia. The USSR agreed in principle to provide Malaysia with technical support for a communications project. The two countries also discussed participation in railroad, airport, and harbor projects under their 1972 economic agreement. No Soviet credits are known to have been extended for these undertakings. (Unclassified)

South Korea. A South Korean trade representative held talks with Soviet officials in New York on the prospects for opening direct trade relations. Seoul still does not have trade relations with Communist countries, although intermittent discussions have been held since 1971. (Unclassified)

Thailand. Thailand's Deputy Foreign Minister returned from Peking in early January with a Chinese agreement to supply 75,000 tons of diesel oil. Deliveries are to be made during February and March at prices below the world market. Bangkok will conclude separate contracts for 75,000 tons of oil remaining under its 1973 accord. In January, Thailand announced that accounts with China will be settled in hard currency. (Unclassified)

Secret

Military

Near East and South Asia

Iraq. The Iraqi Chief of General Staff was in Moscow in mid-January to hold talks with the Soviets on further strengthening cooperation between their armies. (Unclassified)

Lebanon. Beirut purchased 2.5 million rounds of 9-mm ammunition from Czechoslovakia in mid-December. (Secret No Foreign Dissem)